Report on Internet in India (I-Cube) 2011
GLOSSARY OF TERMS USED

Internet User Type

**Active Internet Users**: An individual who has used the internet at least once in the last 1 month

**Active Mobile Internet Users**: An individual who has used the internet using their mobile phones at least once in the last 1 month

**Claimed Internet User / Internet Ever User**: An individual who has used the internet at any point in time in the past

**Claimed Mobile Internet User**: An individual who has used the internet using their mobile phones at any point in time in the past

**Internet Non-Owner**: An individual who belongs to a household which does not own an internet connection.

**Internet Non-User**: An individual who has not accessed internet at any point in time.

**PC Literate**: An individual who knows how to use a PC. While this term does not signify the extent of PC usage, it means that a computer literate is able to work on a PC without assistance.

Socio-Economic Classification

**Socio-Economic Classification (SEC)**

A classification that indicates the affluence level of a household to which an individual belongs. SEC is defined by the education and occupation of the chief wage earner (CWE) of a household. SEC is divided into 8 categories – A1, A2, B1, B2, C, D, E1, E2 (in decreasing order of affluence).

Heaviness of Internet Usage

**Heavy Users**: Those accessing the Internet for more than 16.5 hours per week.

**Medium Users**: Those accessing the Internet for around 6.5 to 16.5 hours per week.

**Light Users**: Those accessing the Internet for less than 6.5 hours per week.

Top 4 Metros

The top 4 cities in India in terms of population i.e. Delhi, Mumbai, Kolkata and Chennai

Other 4 Metros

The next 4 top cities in India in terms of population i.e. Bangalore, Hyderabad, Pune and Ahmedabad

Small Towns

Towns with population of less than 0.5 million

Small Metros

Cities which are not a part of top 8 metros but have more than 0.5 million population

Non Metros

Towns with population between 0.5 million to 1 million

School going Kids

Kids studying in school and above 8 years of age. They are in the age group of 8-17, although, a small portion could be over 18 years.

College going students

Youths studying in college (graduate, post-graduate and doctoral). Most students are in the age group of 18-25, although a small proportion will be below 18 and over 25 years.

Older Men

Men in the age group of 36-58 years employed or otherwise

Working Women

Women in the age group of 21-58 years employed outside home

Non-Working Women

Women in the age group of 25-38 years of age and are not working. This segment includes housewives as well as non-working young women who are not school or college going students
Summary

- As of September 2011, there will be 112 Mn claimed Internet users: 88 million from urban cities and 24 Mn from rural villages
  o Compared to last year, there has been a growth of around 13%. The momentum is expected to hold up and by December 2011, it is expected that there will be 121 Mn claimed Internet users

- Of 112 Mn claimed Internet users, there are 90 Mn (70 Mn in urban cities and 20 Mn in rural villages) users that use Internet at least once a month (i.e. active Internet users)
  o Home, as an access point, has grown by a large percentage compared to 2009. The usage of Cyber Café for Internet access has reduced this year. Of the active Internet users in urban cities, 26.3 Mn access Internet through their mobile phones. This has been the most recent change in the access behavior. It is expected that this trend will continue to grow in the immediate future.

- Youngsters in India continue to drive Internet Usage in India. In usage of School Going Kids has seen a substantial rise. This opens up the market for children aged below 18 year of age.

- Internet usage in Smaller towns continue to spike their dominance over Top 8 metros with a combined usage of more than 60%

- Penetration in Lower SECs continues with 25% with people from SEC C status and 11% for the ones with SEC D and E status.

- Emails, Education, Social Networking, Music and Text chatting are the most popular activities amongst Urban Internet users.

- Of 79 Mn active Internet users, 87% of Urban Internet users use internet at least once a week.
By our projections basis NRS 2006, 302 Mn individuals live in the urban cities. Of these, 38% know how to operate a computer. This number has grown from 32% in 2009. 72% of the computer literates claim to have used the internet ever. 79% of these are actively accessing the internet, at least once in the past one month. The penetration of claimed internet users has grown from 24% in 2009 to 27% of the total urban population.

Among rural villages in India, basis the projections over NRS 2006, there are 603 Mn individuals live in the villages who are more than 12 years of age. Of these, 8% know how to operate a computer. 36% of the computer literates claim to have used the internet ever. 78% of these are actively accessing the internet, at least once in the past one month. The penetration of claimed internet users is really low (around 3%).

GROWING INTERNET POPULATION

As of September 2011, there were 112 Mn claimed Internet users in India. 88 Mn users are from urban cities and 18 Mn are from rural villages. It is expected that by September 2011, there will be 112 Mn Internet users in India – 88 Mn from urban cities and 24 from rural villages.

In March 2011, India has witnessed an 18% rise in Active Internet Users among urban cities, amounting to 65 million across in country (See Figure, ‘Urban Internet Users’). Numbers of people who have Ever Used internet and are PC literates have also grown to 82 Mn and 114 Mn respectively. This growth is expected to continue and by September 2011, there will be 119 Mn PC literates and 88 Mn claimed Internet users – of which there will be 70 Mn active Internet users who access Internet at least once a month.

Among rural villages as of March 2011, there are 18 Mn claimed Internet users and 14.3 active Internet users. It is expected that the growth in the rural villages will be higher compared to urban cities. It is expected that by December 2011, there will be 29 Mn claimed and 24 Mn active Internet users.

*For more details on the usage and other patterns please refer to our research on Internet in Rural India released in June 2011*
While the 18% hike in the total Active Internet Users appears to be satisfactory, a look at past six years trend unveils the gradually approaching saturation (See figure, Growth percentage in Active Internet users). While the growth levels approach stagnancy, the dynamics with Internet continue to take shape to accommodate India as a universally acceptable Media vehicle.

**TAPPING THE MARKET IN SMALL TOWNS**

The penetration of telecommunications industry pan-India is evident and widely appreciated. As on today, all telecom operators have introduced Internet at affordable prices within various geographies they operate in. Ad campaigns specific to geography, especially smaller towns however remain unexplored by the media industry and deserves attention.

Continuing trends from previous years, internet has been constantly impacting lives of small town residents (See Figure, ‘Increasing Penetration Smaller Town’). The smaller towns continue to showcase grouped dominance over the Top 8 metros. Despite this fact, the Ad spends in the media industry are surprisingly not focused geographically. The long-tailed smaller towns are yet to be exploited by the occupants of the entire media industry’s value chain.

From 29% in 2006 to 37% in 2011, the towns with a population of less than 5 Lakhs, today, have in fact the highest contribution within the Urban Groups.

Interestingly, but quite obviously the soar in numbers for smaller towns has impacted the socio-economic penetration too.

Internet User Breakup across Top 8 Metros and Rest of India; Mumbai leads among all top 8 metros Of the total claimed internet users, 34% reside in the top 8 metros with the majority in Mumbai closely followed by Delhi and NCR.

**PENETRATION WITHIN LOWER SEC**

In 2011, people belonging to SEC C, D and E have recorded an all time high in Internet usage with a combined 36% usage (See figure, ‘Increasing Penetration within Lower SECs’). However, it must be noted that although the lower SECs have a sizeable usage amongst urban internet users, the penetration among them is still low given the high population bases in these cities. People of both, SEC A and B backgrounds continue to use internet consistently.

Growing Literacy rates within the country can increase the concentration of lower SECs in the Internet Usage map, but more

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interestingly it also increases the concentration in demographics.

**YOUNGSTERS DRIVING INTERNET GROWTH IN INDIA**

While Internet Usage within the older men’s segment along with women continues to gauge constant stability, the newer generation dominates the usage. More than 75% of Internet Usage is still driven by youngsters that include Young men, School and College going students (*See figure, ‘Youth still drives the Internet usage’*). The contribution shared fairly amongst,

- **School Going Kids** – 21%
- **College Going Kids** – 27%
- **Young Men** – 27%

While the usage by both, College Going Kids and Young Men have taken a slight dip compared to 2009, School Going kids have started using internet more than they’ve ever had in the past decade owing to the now existent e-learning services and Educational information available on the Internet. This growth gives rise to the anticipation of the various ad campaigns catering to the younger audience.
Top Purposes of Accessing Internet

In the 30 urban cities wherein the survey was conducted, 89% use it to access emails, 71% use it for social networking activities (such as making friends and staying in touch), 64% access it to search education-related content, 55% use Internet for chatting purposes and 49% access videos, music and images.

The usage pattern differs among rural Internet users. Among the survey conducted in 7 states, 46% use Internet for accessing music, videos and images, 38% use it for email and communication activities, 29% access it for getting general information and 27% use Internet to access content related to education.
With a rising number of websites availing a variety of offerings at the stroke of a few finger tips, Internet delivers inimitable value to its users across the country. As on 2011, a healthy 87% of people use Internet at least once a week (See figure, 'Frequency of Usage'). Internet Users are spending more time online engaging in activities that help avoiding,

- Physical travel
- Paper work
- Meetings
- Going to Travel Agents
- Taking special trainings

Internet has seeped into everyone's lives and has become an integral part of it. We can see a higher percentage of Medium users (those accessing internet for around 6.5 to 16.5 hours per week) among all the demographic segments, particularly the non-working women (See figure, 'Heaviness of Usage'). The reasons could be the increased availability of better modes of communication, social networks and their popularity. Around one third of Young men and Working women are heavy users (those accessing internet for more than 16.5 hours per week).

The new users have come up as light users of internet (those accessing internet for less than 6.5 hours per week).

The need to stay in touch with friends and loved ones is the main reason pushing the users onto the internet bandwagon. The proliferation of social networking is another reason which can be attributed to the increased heaviness of usage.

With this growth, and the introduction of better infrastructure for connectivity, Internet is going to be the medium of choice across demographics. Hitherto a niche privilege, it will be interesting to see how internet is accepted by the masses.
INTERNET TOUCH POINTS

Apart from impacting the overall Internet penetration, the recent upheaval of technology (especially with mobile connectivity) has stirred the dynamics of different access points of Internet in India. Mobile Internet has featured claiming an evident 9% usage (See figure, 'Different Access Points'). Consequently, office usage has taken a sizeable dip of 8% units. The reversal of usage metrics between Cyber cafés and Home, is indicating an ended dominance for the former. In addition to the deeper and easier reach of Inter Service Providers (ISPs), mandates for adhering to stricter security measures in Cyber cafés may have prompted this change.

Although the growth of Active Internet users has been showing a steady upward trend, to achieve the overall objective of making everyone digitally literate an examination of various touch points is required. Households in urban cities have more than 8.7 Mn broadband connections and around 37.1 Mn users utilize these connections to access Internet. Effectively, 3.50 individuals in every household are using a broadband connection. Similarly, there are 6 and 9 individuals accessing Internet through a broadband connection from their companies and educational institutes, respectively. While they are important for disseminating the broadband connections, the overall potential of increasing the BB:user ratio is really limited.

The most telling effect is visible among public access points such as cyber café and CSCs. Given the nature of these installations, a single broadband connection provides a large base of users to accessing Internet. Cyber cafés are slowly reducing in numbers among top metro cities; they are still prevalent in smaller cities. CSCs provide an effective option in Rural areas and through this avenue a large pool of villagers could get digitally literate. Both of these options have a large ceiling to grow and include more users as the implementations grow.

Excluding large corporations and conglomerates, there are nearly 58.6 Mn install base of PCs. Across entities, there are 14.7 Internet connections and 11.87 Broadband connections.
CHARACTERISTICS OF TOUCH POINTS IN HOUSEHOLDS

Among nearly 10.7 Mn Internet connections in the households, 82% have a broadband connection. Of which, 54% access Internet primarily at 256 Kbps or lesser speeds (although a very small proportion). 34% access Internet between 256 Kbps and 1 Mbps speeds and 12% access Internet at 1Mbps or higher speeds. Around 12% of these broadband connections are through dongles or data cards and 88% use it through a wire line connection.
ANNEXURE: STUDY METHODOLOGY AND SAMPLING PROCEDURES

TARGET SEGMENTS
For sampling purposes, we extensively used the previous rounds of the I-Cube reports that have laid down the universe of the Claimed and Active Internet Users in the country.

Census of India 2001 indicates that there are 35 Cities with more than 1 million population in India. In this round of survey, we have covered all the top 8 Metros as well as other 22 cities.

Below are the cities that have been covered in this research:

<table>
<thead>
<tr>
<th>Cities by Strata</th>
<th>Top 4 Metros</th>
<th>Other 4 Metros</th>
<th>Small Metro (More than 1 Million Pop.)</th>
<th>Non Metro (Between 0.5 to 1 Million Pop.)</th>
<th>Small Town (Less than 0.5 Million Pop.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 4 Metros</td>
<td>Delhi, Mumbai, Chennai &amp; Kolkata</td>
<td>Bangalore, Hyderabad, Ahmedabad &amp; Pune</td>
<td>Patna, Cochin, Baroda, Lucknow, Ludhiana, Coimbatore, Jaipur, Indore, Surat, Nagpur, Vishakapatnam, Faridabad</td>
<td>Guwahati, Bhubaneswar, Raipur, Chandigarh</td>
<td>Kolhapur, Bellary, Thrissur, Panipat, Gurgaon, Noida</td>
</tr>
</tbody>
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SAMPLING PROCEDURES
Quota sampling procedure was followed to cover households belonging to SEC A, B and C category in each of the 31 cities short-listed and SEC A, B, C, D & E in each of the top 8 metros.

Selection of households was made based on random starting addresses identified from electoral rolls.

Care was taken to ensure even geographical spread in identifying the starting addresses across the cities selected.

Based on this household survey, we managed to profile individuals in terms of age, gender, occupation, education, computer knowledge & Internet use.

From all the individuals in household, we asked the question:
· Whether they have used PC
· Whether they have used Internet ever
· Whether they have accessed Internet in last one month.

We identified those saying “Yes” to all the above as an Active Internet User. These Active Internet Users were administered the detailed interviews for Internet Usage.
### Face-to-face Interviews

**Sample Size of Households and Individuals Covered for Profiling**

#### Listing Questionnaire

- Does not Know PC
- Knows PC

#### Detailed Interview

- Knows PC + Accessed Internet Ever
- Knows PC + Accessed Internet in last one month

<table>
<thead>
<tr>
<th>Cities</th>
<th>HHs</th>
<th>Individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Top 4 Metros</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mumbai</td>
<td>779</td>
<td>3,125</td>
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<tr>
<td>Delhi &amp; NCR</td>
<td>1,504</td>
<td>5,823</td>
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<td>Kolkata</td>
<td>1,104</td>
<td>4,129</td>
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<td>Chennai</td>
<td>1,003</td>
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<td><strong>Next 4 Metros</strong></td>
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<tr>
<td>Bangalore</td>
<td>726</td>
<td>2,255</td>
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<td>Hyderabad</td>
<td>789</td>
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<td>Ahmedabad</td>
<td>741</td>
<td>2,694</td>
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<tr>
<td>Pune</td>
<td>494</td>
<td>2,144</td>
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<tr>
<td><strong>Small Metros</strong></td>
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<td></td>
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<tr>
<td>Patna</td>
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<td>Cochin</td>
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<td>Vadodara</td>
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<td>1,712</td>
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<td>Lucknow</td>
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<td>Ludhiana</td>
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<td>Coimbatore</td>
<td>495</td>
<td>1,630</td>
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<td><strong>Total</strong></td>
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<td><strong>Cities</strong></td>
<td>HHs</td>
<td>Individuals</td>
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<td>Jaipur</td>
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<td>Indore</td>
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<tr>
<td>Surat</td>
<td>497</td>
<td>2,020</td>
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<tr>
<td>Nagpur</td>
<td>499</td>
<td>1,926</td>
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<tr>
<td>Vishakapatnam</td>
<td>500</td>
<td>1,644</td>
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<tr>
<td>Guwahati</td>
<td>480</td>
<td>1,650</td>
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<td>Bhubaneswar</td>
<td>481</td>
<td>1,808</td>
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<tr>
<td>Raipur</td>
<td>479</td>
<td>1,947</td>
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<td>Chandigarh</td>
<td>482</td>
<td>1,734</td>
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<td>Kolhapur</td>
<td>394</td>
<td>1,526</td>
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<td>Bellary</td>
<td>410</td>
<td>1,505</td>
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<td>Thrissur</td>
<td>415</td>
<td>1,588</td>
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<tr>
<td>Panipat</td>
<td>439</td>
<td>1,674</td>
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<td><strong>Total</strong></td>
<td>16,278</td>
<td>59,881</td>
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</table>

**Internet in India (i-Cube) 2011**
About IMRB International and IAMAI

e-Tech Group | IMRB (a specialist unit of IMRB International) is a research based consultancy offering insights into IT, Internet, Telecom & emerging technology space. Our continuous link with industry and a constant eye on the pulse of the consumer ensures that we can decode the movements of technology markets & consumers. To our clients we offer an understanding of the present market environment and a roadmap for the future.

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About Internet and Mobile Association of India (IAMAI)

The Internet & Mobile Association of India (IAMAI) is a not-for-profit industry body registered under the Societies Act, 1896. Its mandate is to expand and enhance the online and mobile value added services sectors. It is dedicated to presenting a unified voice of the businesses it represents to the government, investors, consumers and other stakeholders. The association addresses the issues, concerns and challenges of the Internet and Mobile economy and takes a leading role in its development. The association’s activities include promoting the inherent strengths of the digital economy, evaluating and recommending standards and practices to the industry, conducting research, creating platforms for its members, communicating on behalf of the industry and creating a favorable business environment for the industry. Founded in January 2004 by leading portals in India, IAMAI in the only specialized industry body in India representing the interests of online and mobile value added services industry.

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